

## INDIGO EXPLORATION INC.

### Management's Discussion and Analysis of Financial Position and Results of Operations

The following information, prepared as of January 30, 2017, should be read in conjunction with the consolidated financial statements of Indigo Exploration Inc. (the "Company" or "Indigo") for the year ended September 30, 2016. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

#### GENERAL OVERVIEW

The Company was incorporated on February 29, 2008 under the Business Corporations Act of British Columbia. The Company became a reporting issuer on November 20, 2009, closed its Initial Public Offering on December 29, 2009 and commenced trading on the TSX Venture Exchange ("TSXV") on December 31, 2009, under the trading symbol "IXI."

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly, the Company has no operating income or cash flows. As a result, the Company has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

The Company's focus is in gold exploration in the Republic of Burkina Faso, West Africa. In May 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold permit, in western Burkina Faso. During the year ended September 30, 2013, the Company made the final option payment and now owns 100% of the Moule Gold Permit.

In June 2010, the Company completed the acquisition of Sanu Resources Burkina Faso S.A.R.L. ("Sanu Burkina"), as a means of acquiring Sanu Burkina's four gold mineral exploration permits in Burkina Faso.

#### ANNUAL HIGHLIGHTS

On May 20, 2016, the Company closed a non-brokered private placement of 13,750,000 units at \$0.02 per unit for gross proceeds of \$275,000.

On May 5, 2016, Lorne Warner, P.Geol., was appointed to the Company's Board of Directors. Mr. Warner has acted as an advisor to the Company for several years. Mr. Warner has over 30 years of experience with major and junior mining companies, including Noranda Exploration and Placer Dome. Since 2002 he has been involved in exploration management worldwide and was highly successful in the discovery and delineation of several mineral deposits for various junior mining companies including: M Gold Zone at Detour Lake Mine, the Falea uranium/silver/copper deposit in Mali and the Fatou Main gold zone in Mali. His African experience includes work in Mali, Niger, Burkina Faso, Namibia, and South Africa.

#### MINERAL PROPERTIES

Paul Cowley, P.Geol., President, CEO and Director of Indigo, is the Qualified Person as defined in National Instrument 43-101, responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

#### Burkina Faso

The Company currently holds four gold properties comprising three gold projects located in the Republic of Burkina Faso, West Africa. West Africa is underlain by the Birimian Greenstone Belt, one of the most prolific gold producing areas in the world. Several major gold companies are active in Burkina Faso, including IAMGOLD Corporation and Newmont Mining Corporation. Burkina Faso has nine producing mines and a number of projects in the advance and development stages. Burkina Faso is considered to be relatively stable, both politically and economically, and relies primarily on farming and mining as its main sources of revenue.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs (\$583) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days' notice to remedy any deficiency. The Company has not incurred sufficient expenditures on its Moule, and Loto permits to comply with the Mining Code of Burkina Faso. The Company has not received any notice of cancellation from the Government of Burkina Faso and believes these permits are in good standing.

The Kodyel, Tordo and Lati permits expired during the prior year ended September 30 2015. The Company submitted the documentation required to extend the permits; however, due to the civil unrest that broke out in Burkina Faso in October 2014 and a non-active transitional Government established, the Company has not yet received the renewed permits for Kodyel and Lati. The Company received a rejection letter during the year ended September 30, 2016 from its Tordo permit extension application. The Company no longer holds the permits for Tordo and recorded a write-down of \$122,179. During the year ended September 30, 2016, the Company was in correspondence with Government officials on the Kodyel permits and therefore believes it will obtain extensions on the permit. There has been no correspondence with regard to the Lati permits and therefore during the year ended September 30, 2016 an impairment write down of \$91,587 was recorded.

The Company believes it presently holds all necessary licenses and permits on Moule and Loto, and priority on pending licenses and permits, Kodyel and Lati, to carry on the activities which it will conduct, and that it is presently complying in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to continue the proposed exploration or to develop its properties into commercial production and to operate mining facilities thereon.

#### ***Kodyel Exploration Permit***

The 191.2 square kilometres Kodyel permit lies close to the Niger border approximately 300km east of Ouagadougou. Access is by paved road as far as Fada N'gourma about 200 km east of Ouagadougou and thence by laterite roads. The Kodyel permit covers an extension of the Fada N'Gourma greenstone belt that extends into Niger. The Kodyel permit is traversed by a regional northeast-trending fault that stretches from Ghana to Niger and separates the mafic and felsic volcanics and metasedimentary rocks of the Fada belt from the migmatites and granites to the northwest. There are several active artisanal workings within the permit, including: Hantekoura (CFA) and Kodyel 1. The extensive Tangounga and Songonduari artisanal workings currently lie off the permit but are part of the same structure, continuing towards and into Niger.

Until early 2012 the Company had been unable to access the Kodyel permit due to a border dispute between Burkina Faso and Niger. The temporary suspension on the Kodyel permit was lifted and the Company commenced exploration on the renewed Kodyel permit. The renewed permit had reduced from 238 square kilometres to 191 square kilometres to exclude a 2 kilometre wide strip adjacent to the Niger border. The permit retained a right of first refusal to include this excluded area (which hosts the Tangounga artisanal mining site) after the World Court finalizes the border location.

On April 16, 2013, the World Court handed down their decision on the position of the Burkina Faso – Niger border in the vicinity of the Kodyel permit. According to maps provided by the World Court, the new border is approximately 6 kilometres northeast of the previous border position in the vicinity of the Kodyel permit. The Company is making efforts to extend the term of the original Kodyel permit which would incorporate the Tangounga artisanal workings. The Company is uncertain as to when the permit will be extended and when the excluded area will be returned to the Company.

#### ***Moule Option***

The Company owns a 100% interest, subject to a 1.5% net smelter return (“NSR”) royalty, in the Moule Gold Permit, in western Burkina Faso. The Company has the right to purchase the entire 1.5% NSR royalty for US \$1,800,000. The Moule Gold Permit covers 185.6 square kilometres of prospective Birimian greenstone geology. Exploration prior to acquisition by Indigo consisted of property wide mapping, soil geochemistry, quartz veining and quartz float sampling and ground geophysics. These surveys located a number of gold targets, including: Zelingpe 1, Zelingpe 2, Vein 2 and Vein 3.

The Company completed initial RC drill programs on Zelingpe 1, Zelingpe 2 and Vein 3; and followed up with a diamond drill program at Vein 2 and Vein 3. These were the first drill programs ever completed at Moule. Results of the drill programs have been reported by press release and in prior MD&A's. Drill plans and selected sections

from the Moule diamond drill program can be found on the Company's website at [www.indigoexploration.com](http://www.indigoexploration.com).

### **Lati Exploration Permit**

The 184 square kilometre Lati Permit covers a major north-south shear zone in the Boromo greenstone belt. Lati is the site of expanding artisanal activity with at least three known active artisanal mining areas over the 8 kilometre long Prospect 1. The Lati permit is about 150 km by road west of Ouagadougou. Lati was previously explored by the United Nations Development Program ("UNDP") and the Burkina Faso Office of Mines and Geology ("BUMIGEB") for volcanic-hosted massive sulfides ("VHMS") similar to the Perkoa zinc deposit, as well as by Carlin Resources and Incanore Resources for gold.

Results of a RC drill program on Lati have been reported by press releases and in prior MD&A's. Drill plans and selected sections from the Lati RC drill program can be found on the Company's website at [www.indigoexploration.com](http://www.indigoexploration.com).

### **Loto Exploration Permit**

The 100% owned, 70.08 square kilometre Loto exploration permit is located in the Boromo greenstone belt, contiguous to the Moule Exploration Permit, and forms part of the Moule project. The Loto permit lies near the town of Diebouougou, approximately 270 km by road from Ouagadougou of which 250 km is paved. The area is intensely farmed and it has taken time to establish a working relationship with the local community.

## **SELECTED ANNUAL INFORMATION**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Total revenues	-	-	-
Loss	(331,118)	(137,054)	(2,302,178)
Loss per share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.05)
Total assets	907,093	972,145	783,228
Deferred resource property expenditures – for the year	60,427	98,923	163,914
Long term debt	-	-	-
Dividends declared	-	-	-

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants, if any.

The loss in years ended September 30, 2016 and 2014 increased due to write-downs of mineral properties of \$213,766 and \$2,121,835 respectively.

## **QUARTERLY INFORMATION**

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2016.

	<b>For the quarter ended (\$)</b>			
	<b>Sept. 30, 2016</b>	<b>Jun. 30, 2016</b>	<b>Mar. 31, 2016</b>	<b>Dec. 31, 2015</b>
Total revenues	-	-	-	-
Loss	(135,024)	(24,887)	(150,953)	(20,254)
Loss per share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	907,093	1,015,883	784,744	944,648

	<b>For the quarter ended (\$)</b>			
	<b>Sept. 30, 2015</b>	<b>Jun. 30, 2015</b>	<b>Mar. 31, 2015</b>	<b>Dec. 31, 2014</b>
Total revenues	-	-	-	-
Loss	(45,550)	(25,349)	(41,091)	(25,064)
Loss per share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	972,145	832,504	846,676	879,709

<sup>(1)</sup> The basic and diluted calculations result in the same values.

The increase of the loss reported during the quarter ended September 30, 2016 is the result of the Company recording an impairment of mineral properties of \$91,587 on the Lati permit.

The increase of the loss reported during the quarter ended March 31, 2016 is the result of the Company recording a write-down of mineral properties of \$122,179 on the Tordo permits that were not extended.

## **RESULTS OF OPERATIONS**

### *Year ended September 30, 2016*

The Company recorded a loss of \$331,118 (\$0.00 per share) for the year ended September 30, 2016 as compared to a loss of \$137,054 (\$0.00 per share) for the year ended September 30, 2015. The majority of the increase is the result of the Company recording an impairment and write-down of mineral properties of \$213,766 on the Tordo and Lati permits.

Significant general and administrative costs of note include:

Accounting and audit fees of \$39,481 (2015 - \$52,167). Accounting and audit fees decreased due to a reduction in business activities.

Office and miscellaneous of \$16,809 (2015 - \$33,143). Office expenses decreased due to a reduction in business activities.

Management and administration fees of \$32,500 (2015 - \$23,401). The increase is due to the CEO's increased time spent on corporate financing activities and meetings in relation to the permitting status of mineral properties.

Travel and accommodation of \$4,437 (2015 - \$nil). Travel and accommodation increased as a result of travel by the CEO to Burkina Faso.

## **FOURTH QUARTER**

The Company recorded a loss of \$135,024 (\$0.00 per share) for the three months ended September 30, 2016 as compared to a loss of \$45,550 (\$0.00 per share) for the three months ended September 30, 2015. The difference is primarily due to the impairment recorded on the Lati permits during the three months ended September 30, 2016 of \$91,587.

## **FINANCING ACTIVITIES AND CAPITAL EXPENDITURES**

### *Financing Activities*

On May 20, 2016, the Company closed a non-brokered private placement for 13,750,000 units at \$0.02 per unit for aggregate gross proceeds of \$275,000. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase one common share of the Company at \$0.05 per share, exercisable up to May 20, 2019. A value of \$13,750 has been attributed to the warrants. In connection with the private placement, the Company paid finder's fees of \$16,500 and other share issuance costs of \$4,090.

On December 17, 2014, December 24, 2014 and January 21, 2015 the Company closed three tranches of a private placement totalling 7,625,000 units at \$0.02 per unit for gross proceeds of \$152,500. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase one common share of the Company at \$0.05 per share, exercisable up to three years after issuance. A value of \$7,625 has been attributed to the warrants. The Company paid finders' fees of \$8,400 and incurred additional cash issue costs of \$3,733.

On September 25, 2015, the Company closed a private placement for 15,000,000 units at \$0.01 per unit for gross proceeds of \$150,000. Each unit is comprised of one common share. In connection with the private placement, the Company paid finders' fees of \$9,000 and incurred additional cash issue costs of \$1,634.

### *Capital Expenditures*

The capital expenditures of the Company during the year ended September 30, 2016 included deferred mineral property expenditures of \$60,427 (2015 - \$98,923) on the Company's Burkina Faso projects. Refer to schedule I in the consolidated financial statements for the year ended September 30, 2016.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$117,352 of cash (before working capital items) for the year ended September 30, 2016 (2015 - \$134,647) with an additional \$72,758 (2015 - \$93,741) used on mineral property deferred exploration expenditures. The cash requirement was fulfilled from cash on hand at the beginning of the period and from the proceeds of the private placement.

The Company's aggregate operating, investing and financing activities during the year ended September 30, 2016 resulted in a net increase in its cash balance from \$142,784 at September 30, 2015 to \$228,021 at September 30, 2016. The net increase in the Company's cash balance is the result of the closing of a private placement that resulted in net proceeds of \$254,409. The Company has working capital of \$110,653 at September 30, 2016 compared with a working capital of \$34,023 at September 30, 2015. The Company has no long term debt.

The Company has no further payments to make to acquire any of its Burkina Faso mineral properties. The Company has minimum exploration commitments in Burkina Faso in order to keep its properties in good standing. Aside from the minimum exploration commitments in Burkina Faso, the Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

## TRANSACTIONS WITH RELATED PARTIES

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the years ended September 30, 2016 and 2015 was as follows:

	<b>2016</b>	<b>2015</b>
	\$	\$
Accounting fees	6,760	15,660
Management and administration fees <sup>(1)</sup>	32,500	23,401
	<b>39,260</b>	<b>39,061</b>

<sup>(1)</sup> Includes fees billed by a company owned by the Chief Executive Officer, Paul Cowley.

The Company incurred additional expenditures charged by related parties during the years ended September 30, 2016 and 2015 as follows:

	<b>2016</b>	<b>2015</b>
	\$	\$
Accounting fees <sup>(2)</sup>	-	15,660

<sup>(2)</sup> Includes fees billed by a company owned by the former Chief Financial Officer, Rob McMorran.

As at September 30, 2016, accounts payable and accrued liabilities includes an amount of \$98,363 (September 30, 2015 - \$59,248) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders. These amounts are unsecured, non-interest bearing and due on demand.

## FINANCIAL INSTRUMENTS

### Classification of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash and cash equivalents and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

As at September 30, 2016, the Company believes that the carrying values of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Discussions of risks associated with financial assets and liabilities are detailed below:

#### Foreign Exchange Risk

A portion of the Company's financial assets and liabilities is denominated in West African CFA francs ("CFA") giving rise to risks from changes in the foreign exchange rate. The Company is exposed to currency exchange rate risk to the extent of its activities in the Burkina Faso. The Company's currency risk is presently limited to its net exposure denominated in CFAs. Based on this exposure as at September 30, 2016, a 5% change in the exchange rate would not give rise to a material change in loss. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The currencies of the Company's financial instruments were as follows:

	<b>September 30, 2016</b>	
	Canadian dollar	CFA
Cash and cash equivalents	226,652	1,369
Other receivables	967	3,373
Accounts payable and accrued liabilities	(117,818)	(3,890)
Net exposure	<u>109,801</u>	<u>852</u>

	<b>September 30, 2015</b>	
	Canadian dollar	CFA
Cash and cash equivalents	142,317	467
Other receivables	611	679
Accounts payable and accrued liabilities	(91,220)	(18,831)
Net exposure	<u>51,708</u>	<u>(17,685)</u>

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

#### Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The majority of the Company's cash is held through a major Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Although interest income on the Company's cash and cash equivalents is subject to a variable interest rate, the risk exposure is not significant due to the small amount of interest income these balances.

#### Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

#### **i) New standards and amendments effective for the first time from October 1, 2015**

The following revised standards and amendments became effective for the Company on October 1, 2015. The new and amended standards did not have a significant impact on the condensed interim consolidated financial statements. The following is a brief summary of the principal new standards adopted by the Company:

IFRS 7 – Financial Instruments disclosures. The Standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9.

## ii) Accounting standards issued but not yet effective

At the date of approval of the consolidated financial statements the following standards, which are applicable to the Company, were issued but not yet effective. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements. The following is a brief summary of the principal new or amended standards.

**IFRS 9 Financial Instruments** - In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

**IAS 7 Statement of Cash Flows** - In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017.

## OUTSTANDING SHARE DATA

- a) Authorized:  
Unlimited common shares without par value.
- b) Issued and outstanding:  
84,335,982 common shares
- c) Outstanding warrants and options

Type of Security	Number	Exercise Price	Expiry Date
Stock options	2,600,000	\$0.05	October 28, 2021
Share purchase warrants	5,125,000	\$0.05	December 17, 2017
Share purchase warrants	1,000,000	\$0.05	December 24, 2017
Share purchase warrants	1,500,000	\$0.05	January 21, 2018
Share purchase warrants	13,750,000	\$0.05	May 20, 2019

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended September 30, 2016 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

Certain risks are faced by the Company, which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its mineral property option agreement. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interest in the property covered by the agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

The Company's properties are in the exploration stage and without known reserves. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few exploration properties are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes-off its mineral properties from time to time and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs (\$583) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days notice to remedy any deficiency.

## **OUTLOOK**

The Company's focus is on the exploration and advancement of its mineral properties in Burkina Faso. A drill campaign completed in February 2012 on the Lati permit and two large soil sampling programs completed during 2012 on the Kodyel and Moule/Loto permits generated new and sizeable drill targets. Since the spring of 2012, the Company has minimized its expenditures in order to conserve cash.

In May 2016, the Company closed non-brokered private placements for gross proceeds of \$275,000 to provide working capital. Additional funding will be required in order to continue to advance the Burkina Faso permits.

A new Minister of Mines was appointed in January 2016 by the newly elected government of Burkina Faso. The Company is dialoguing with the newly appointed Minister of Mines in order to resolve pending permit extensions.

## **OTHER INFORMATION**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING STATEMENTS**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This Management's Discussion and Analysis ("MD&A") and in particular the "Outlook" section, contains forward-looking statements, including, without limitation, statements about the mineral properties and financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of property exploration results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of this MD&A.

- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to integration of acquisitions; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risks and Uncertainties" Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason, except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".